STANDARD MAIL PARCEL
MAIL PROCESSING COST MODEL

I. PREFACE

A. Purpose and Content

USPS-FY15-12 documents the mail processing unit cost estimates for the Standard Mail machinable, irregular, and marketing parcels price categories.

B. Predecessor Document

Last year, the predecessor model was presented in Docket No. ACR2014, USPS-FY14-12.

C. Corresponding Non-Public or Public Document

There is no non-public document that corresponds to USPS-FY15-12.

D. Methodology

The Standard Mail parcel mail processing cost model relies on the same cost methodology that was presented by the Postal Service in Docket No. ACR2014, USPS-FY14-12.

E. Inputs / Outputs

The Standard Mail parcel mail processing unit cost estimates by price category are calculated using the following inputs:

Input Source	Input Description
USPS-FY15-4	Standard Mail billing determinants
USPS-FY15-7	Volume variability factors Premium pay factors Other mail processing wage rate Overhead factors
USPS-FY15-14	Percentage of marketing parcels weighing over 6 ounces
USPS-FY15-23	MODS productivity data
USPS-FY15-25	Operations specific piggyback factors

USPS-FY15-26   Standard Mail parcel mail processing unit cost estimate by cost pool

2015 Special Weight Reports   Weight Data

2015 WebEOR data   Equipment reject rates

2014 parcel field study   Productivity data
Postal arrival and dispatch profiles
Average cubic feet per piece by mail type

2010 PostalOne! data   Non-dropship entry point percentages

2009 ODIS data   ASF coverage factor
ASF dock transfer percentage
SCF IPP coverage factors

2009 WebEOR data   PPSM transfer volume percentage
PPSM finalization percentage

2009 Standard Mail parcel   Irregular rolls percentage
field study   Pieces per sack estimates
Average container heights
Average container fullness percentages
Mail arrival profile
Container space utilization percentages
IPP operation outgoing volume percentage

USPS-FY08-15   PSM keying productivity estimate

The Standard Mail parcel cost estimate outputs are relied upon to develop the discount and passthrough values contained in USPS-FY15-3. In addition, the Standard Mail parcel mail entry profile and some marginal productivity values are used to develop cost estimates in USPS-FY15-13.

II. ORGANIZATION

The Standard Mail parcel cost estimates are presented in the Microsoft Excel workbook 'USPS-FY15-12.xlsx' in the spreadsheet tab entitled 'MP Summary' (page 1). Data sources are referenced in each spreadsheet throughout the workbook. The results are also reported in Table 1 below.

Table 1:
Standard Mail Parcel
Mail Processing Unit Cost Estimates

Standard Mail Parcels Price Category	Entry Discount	Mail Processing Unit Cost
Machinable		
Machinable MNDC	None	$1.490
Machinable NDC	None	$1.094
Machinable NDC	DNDC	$1.074
Machinable 5-Digit	DNDC	$0.491
Machinable 5-Digit	DSCF	$0.405
Machinable 5-Digit	DDU	$0.378
Irregular		
Irregular MNDC	None	$1.662
Irregular NDC	None	$1.459
Irregular NDC	DNDC	$1.447
Irregular 3-Digit	DNDC	$1.009
Irregular 5-Digit	DNDC	$0.465
Irregular 3-Digit	DSCF	$0.976
Irregular 5-Digit	DSCF	$0.396
Irregular 5-Digit	DDU	$0.377
Marketing		
Marketing MNDC	None	$1.580
Marketing NDC	None	$1.289
Marketing NDC	DNDC	$1.285
Marketing 3-Digit	DNDC	$0.990
Marketing 5-Digit	DNDC	$0.459
Marketing 3-Digit	DSCF	$0.988
Marketing 5-Digit	DSCF	$0.390
Marketing 5-Digit	DDU	$0.376